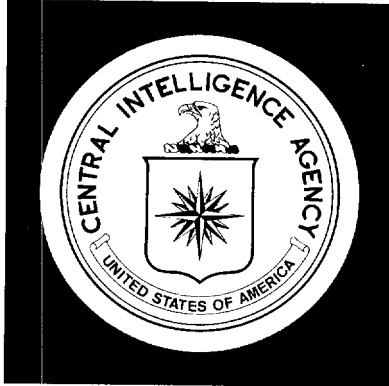


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# Weekly Summary

State Dept. review completed.

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March 11, 1977

The WEEKLY SUMMARY, issued every Friday morning by the Current Reporting Group, reports and analyzes significant developments of the week through noon on Thursday. It frequently includes material coordinated with or prepared by the Office of Regional and Political Analysis, the Office of Economic Research, the Office of Strategic Research, the Office of Scientific Intelligence, the Office of Weapons Intelligence, and the Office of Geographic and Cartographic Research.

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## Asia

CHINA *N.S.*

China's leaders made substantial progress in the last two weeks in filling key posts in the provinces with new men and also may have taken the first steps toward initiating a campaign against leftists in the military.

The naming of five new provincial bosses brings to seven the number of new provincial leaders identified since mid-February and to nine the total named since the purge of the four leftist Politburo members last October. Four of the nine replaced incumbents; the others took over positions that had been vacant for some time.

The appointments made so far are doubtless the result of complex political maneuvering in Peking and the provinces. One pattern that has emerged seems to reflect the influence of Politburo members Yeh Chien-ying and Hsu Shih-yu, both military men. Only three of the new provincial leaders are career soldiers, however, and two of them have been political officers.

Progress in filling provincial vacancies suggests that other issues that have divided the regime may be nearer resolution. At present, however, the status of former vice premier Teng Hsiao-ping remains unclear, and local officials continue to be uncertain about how to interpret directives published early last month.

A campaign announced in late February in the army's newspaper may presage some personnel changes in the army. The campaign calls for emulation of a unit of the 1st Army that has been known for its annual "rectification" efforts—reviews of the ideological level of the unit's members. On

higher levels such efforts usually lead to personnel changes.

The unit also has a record of having intervened in 1975 in civilian factional disputes in Chekiang, where it was sent that year by then chief of staff Teng Hsiao-ping. The unit replaced one that had taken sides in the disputes and apparently had illegally passed arms to one of the civilian factions.

Although the army apparently harbored relatively few supporters of the "gang of four," at least three military regions have reported extensive leftist interference in military affairs.

Despite the apparent support of Yeh Chien-ying and Hsu Shih-yu, the new campaign may be encountering some resistance from local leaders. According to one provincial radio broadcast, the emulation drive was to have begun last January. So far, however, only a few provincial broadcasts have made reference to the campaign.

PAKISTAN *1-2*

Prime Minister Bhutto's Pakistan People's Party won over 150 of the 200 seats at stake in the National Assembly election on March 7. It was a higher percentage than the party gained in the last election in 1970, which had provided the basis for Bhutto's political dominance.

Although some dissatisfaction with Bhutto's performance as the country's leader surfaced during the campaign, his victory appears to have been achieved without extensive government interference. This may help him to maintain the backing of the armed forces and the bureaucracy if opposition leaders, who are claiming the election was rigged, go through with threats to stage a major post-election campaign to bring him down. The alliance of parties opposing the Prime Minister has announced that it will not participate in the National Assembly and will boycott provincial assembly elections scheduled for March 10. It has also

called for a nationwide strike on March 11.

The People's Party won by carrying the rural portions of Punjab and Sind provinces, which elect over half the National Assembly. Before the voting, opposition parties appeared to have made significant inroads in the Punjab. In the end, Bhutto won a big victory there, probably because of support he received from traditional local leaders and doubts among voters that the opposition could form a stable government.

In Baluchistan Province, government control of the electoral process gave the People's Party six of the seven seats. The opposition won in other areas where it clearly had the greater popular support, notably in the North-West Frontier Province. The opposition also did well in urban areas in the Sind, including Karachi, Pakistan's largest city and commercial center.



Prime Minister Bhutto

*Central Press*

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## Africa

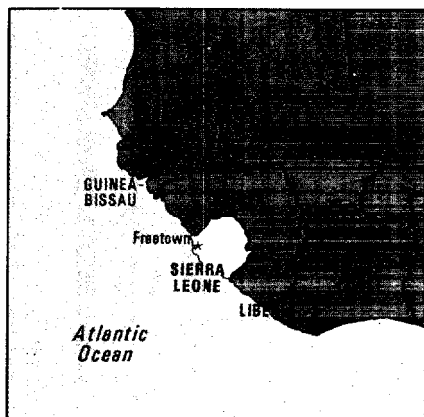
## SIERRA LEONE 30-34

President Siaka Stevens' regime in Sierra Leone appears to be in trouble. There is widespread political unrest in the country, and some army officers may be disaffected.

Student-led antigovernment demonstrations began in late January and continued sporadically for about three weeks in the capital of Freetown and some hinterland areas. Several students were killed in the disturbances, which resulted in numerous arrests and considerable property damage. The demonstrators called for the resignation of the 71-year-old President, who came to power eight years ago after a short period of military rule.

Police forces restored surface calm after Stevens agreed to a student demand for an early general election; it has been set for April. Some elements in the army, however, apparently oppose holding an election because they fear it may stimulate more unrest.

In fact, more violence seems likely in Sierra Leone as the campaign proceeds.



The US embassy in Freetown reports that opposition candidates in the eastern and southern provinces are well organized and could provide strong competition to the ruling All People's Congress. Although Stevens' party is the only national political organization, it has a narrow ethnic base and is badly factionalized.

The government is already responding with strong-arm measures designed to intimidate its opponents. Three members of the opposition were reportedly arrested late last month, and mass arrests are said to have taken place recently in the capitals of the eastern and southern provinces.

40-41  
ARAB-AFRICAN SUMMIT

Arab and African leaders wound up a three-day summit in Cairo on March 9 with ringing declarations of their desire for political and economic solidarity, but their willingness to follow through on pledges of mutual support remains to be tested.

The conferees—about half were actually heads of state—apparently succeeded in avoiding discussion of contentious bilateral issues, but African hopes for major increases in economic aid were frustrated. Arab delegates rejected an African proposal for \$2.2 billion in new multilateral aid over the next five years and offered instead less than \$350 million in multilateral funds beyond commitments already made. As a result of these pledges, African aid receipts will increase, but only slowly and by less than \$100 million annually.

The Arab donors—Saudi Arabia, Kuwait, Qatar, and the United Arab Emirates—also pledged \$1.1 billion to be extended bilaterally over a five-year period through their individual national foreign development agencies. The average annual commitments,



Sierra Leone President Stevens

however, represent no increases over the amounts promised by each of the four donors last year.

The Arabs, for their part, obtained the political backing they sought, although in a somewhat watered-down form. The joint political declaration issued at the conclusion of the conference condemned Israeli practices in the occupied territories, but was no stronger in its support for the Arabs' struggle against Israel than in its backing for the Africans' struggle against "racism." The declaration did not directly equate Zionism with racism, although it did denounce "neocolonialism, Zionism, racial segregation, and all other forms of racial discrimination."

The Arabs committed themselves more firmly to the cause of African liberation movements by pledging financial aid for the first time—\$5 million worth.

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## Europe

## FRANCE

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The campaign for the mayoralty of Paris, which will end this weekend, has turned into a battle between President Giscard and Gaullist leader Jacques Chirac for control of the center-right in French politics. The conflict could make it difficult for the governing parties to cooperate after the election.

Giscard all along has viewed Chirac's candidacy as a direct challenge to his authority as President. Recent reports suggest that leaders of Giscard's Independent Republican party have been involved in last-ditch maneuvering to stop Chirac from becoming mayor. The chances are that they will be unable to do so, but the bitterness created by their effort seems sure to further strain relations among the coalition partners.

The elections on March 13 to the municipal councils in Paris and other French cities will be followed by a run-off a week later. Members of the councils will then meet and elect one of their number mayor by secret ballot. On the first two of three permitted ballots, an absolute majority is required for election; on the third ballot, the candidate with the most votes is elected.

In Paris, the division of seats between the lists headed by Chirac and Minister of Industry d'Ornano, the standard-bearer for Giscard, is likely to give each faction fewer seats than will be won by the Socialist-Communist alliance, which is expected to make major gains. A compromise is therefore essential if Paris, considered a vital springboard for the legislative election in 1978, is not to fall to the left.

The US embassy in Paris believes the emotional feeling against Chirac within Giscard's entourage is so strong that Giscard might order the d'Ornano councilors to ensure Chirac's defeat by not giv-

ing him their votes on the third ballot, thus giving the left a victory. If Giscard does so, Chirac will be even further alienated, and he could withdraw Gaullist support from the government.

The prospect of a disruptive parliamentary session leading to an unwanted early national election probably is enough to dissuade Giscard from a suicidal maneuver against Chirac. Even if the two leaders finally reach a compromise, however, it will be a long time before the bitterness created by the race dissipates.

## BELGIUM

48-52

Prime Minister Tindemans dissolved parliament this week and called for a general election on April 17. His government will stay on in a caretaker role until after the election.

The shaky Tindemans government lost its narrow majority in the parliament last week when the Prime Minister expelled the small Walloon Rally from the governing coalition. The immediate cause of the rift was the party's refusal to support the gov-

ernment in a vote on the budget.

The root of the problem, however, lies in the government's complicated efforts to restructure Belgium into autonomous linguistic communities. All major parties are agreed that some form of federation is required, but many details remain to be worked out between the Dutch-speaking and French-speaking communities. The Walloon Rally tried to force the issue by threatening to withdraw from the government unless agreement was reached by last weekend.

The Walloon party's action followed an announcement of various new economic measures—including higher taxes—that are opposed by most labor and business groups. The principal labor unions have scheduled a month-long series of 24-hour strikes to show their displeasure.

The opposition parties, led by the Socialists, do not have any solutions for the country's problems and would have preferred to avoid an early election. The Socialists, however, refused an invitation by Tindemans to join in a provisional three-month government to try to resolve the regionalization issue.



Prime Minister Tindemans

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West European Communist leaders Berlinguer (left) of Italy, Carrillo (center) of Spain, and Marchais of France appear at news conference following the summit

## EUROPEAN COMMUNISM

53-54

Leaders of three West European communist parties—Carrillo of Spain, Berlinguer of Italy, and Marchais of France—ended two days of talks in Madrid last week by reiterating previously stated “Eurocommunist” principles and issuing a mild reminder of their concern about human rights violations in the USSR and Eastern Europe.

The main purpose of the meeting was to buttress the position of the Spanish party, which is waiting for Spain’s Supreme Court to rule on the party’s legal status. The party hopes to participate in the legislative election this spring.

This purpose appears to have been well served, but Carrillo was not able to persuade Berlinguer and Marchais to criticize human rights violations in Eastern Europe in harsh terms in their joint communique.

The Italian and French leaders apparently were anxious to avoid further strain in their relations with the East

European regimes over treatment of political dissidents.

Instead, the three leaders confined themselves to endorsing the “full application” of the Helsinki agreement and to an expression of hope for positive results from the European security conference later this year in Belgrade, where human rights violations are likely to become a major issue.

The joint communique otherwise breaks no new ground, and the Soviets will not find it difficult publicly to interpret the reference to Helsinki and Belgrade as support for their position that the West is guilty of ignoring all but the human rights provisions of the accords.

Carrillo wanted to demonstrate his party’s independence from the Soviets by condemning Soviet and East European repression. In this way he intended to remind the Spanish Supreme Court that his party has no formal ties to the USSR and that it has long been the most outspoken Western party in criticizing the Soviets. Probably out of deference to Berlinguer and Marchais, Carrillo toned down his criticism at the

press conference that followed the summit meeting. Carrillo denounced socialist states that violate liberty but did not mention the USSR by name.

### Meeting in Sofia

55-58

Communists with a different set of priorities were conferring in Sofia, Bulgaria, while the Madrid gathering was under way. Representatives of the communist parties of the USSR, six East European countries, Cuba, and Mongolia met for two days in the Bulgarian capital to discuss ideological issues. This was the third meeting of these party ideologists in six months.

In the final communique, the representatives emphasized the need to oppose Western “interference” in the communist countries, a reflection of concern about the pressure being exerted from the West on the human rights issue.

The subject of Eurocommunism was surely on the agenda in Sofia, even though there was no mention in the communique of the West European communist summit. The USSR is clearly concerned about the implicit challenge Eurocommunism represents

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to its leadership of the communist world.

When the party ideologists held their previous meeting last December, the discussion reportedly was about the "disruptive" effects of the Helsinki accords on certain West European communist parties, but there was no agreement on what to do about this.

The importance attached by Moscow to the Sofia meeting is demonstrated by the make-up of its delegation. Boris Ponomarev, a candidate-member of the Politburo, led the group, which included three Central Committee secretaries. Ponomarev is in charge of relations with nonruling communist parties, and his presence in Sofia was another indication that broad issues affecting the communist movement in Western countries were on the agenda.

The final communique referred to the "equality" of the participants and to the "efficient" and friendly atmosphere, language suggesting there might in fact have been differences among the party representatives. It seems likely that the Romanians again were out of step with the others. Some of the participants also may have disagreed about the best approach for handling the dissidence problem in Eastern Europe. Differences in this area allegedly emerged at the Warsaw Pact summit last November.

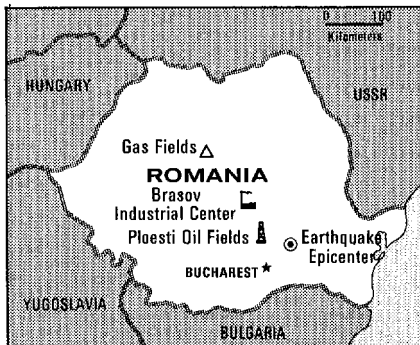
## ROMANIA

The damage resulting from Romania's severe earthquake on March 4 is sure to add to the country's economic problems. Major industrial centers, coal mines, and key oil fields—largely located in south-central Romania—have been affected, and thousands of dwellings have been destroyed.

According to preliminary reports, the worst destruction occurred in Bucharest, Romania's largest industrial center.

Three power plants, a major engineering plant, 15 other factories, and 150 apartment buildings were destroyed.

In Ploesti, half of the 70 industrial installations, including three oil refineries, have been reported severely damaged. The refineries produce 160,000 barrels per day of petroleum products and account for about one third of Romania's total refinery capacity. Approximately 300 of the wells in the Ploesti oil fields were



damaged, but most of them, according to the Romanian press, resumed operation on March 7; the fields account for about a third of Romania's crude output.

A significant slowdown in the production of oil, gas, and machinery would be a considerable blow to an already strained economy. Even before the earthquake, Romania was unlikely to meet its overly ambitious economic goals, which called for an 8-percent annual rate of growth in Gross National Product during the five year period 1976 to 1980.

The Romanians have been counting heavily on large increases in energy supply to spur industrial growth. If this supply is reduced as a result of the earthquake, more oil will have to be imported, further adding to the country's balance-of-payments problems. Its hard-currency debt has been increasing rapidly and already exceeds \$3 billion.

The new economic burdens are likely to fall mainly on the hard-pressed consumer. Reconstruction needs will divert resources from consumer-oriented investment, which was already faltering last year when it grew only half as rapidly as planned.

Emergency aid has been delivered by several countries, including the US and USSR. Several times in the past President Ceausescu has sought long-term economic assistance from the West; he is certain to use the disaster to try again to obtain sizable Western aid.

### Ceausescu's African Trip

Hours after the earthquake shook Romania, President Ceausescu returned home from a 12-day trip to West Africa during which he stressed Romania's third-world ties and sought expanded bilateral trade.

Ceausescu visited Mauritania, Senegal, Ghana, Ivory Coast, and Nigeria on the trip, his first to Africa in three years. He was accompanied by key foreign affairs and economic advisers.

In all five countries visited, the Romanians and their hosts signed trade or economic protocols pledging greater bilateral cooperation. Romania agreed to reschedule Ghana's \$1.4-million debt and established a joint economic commission with the Ivorians. Ceausescu may have made deals for increased supplies of certain raw materials, but he apparently failed to get the Nigerians to agree to sell oil to Romania.

At every opportunity, Ceausescu highlighted Romania's support for the "new economic order" advocated by third-world countries and for the elimination of colonialism, racism, and apartheid. He also emphasized non-interference in internal affairs, national sovereignty, equal rights among states, and renunciation of the use or threat of force in interstate relations. His reiteration of the latter points has surely irritated the Soviets, although they have come to expect such language from the Romanians.

Ceausescu doubtless hopes the trip will help secure African support for Romania's bid to become an "observer" in the nonaligned movement. In the past, some African states strongly opposed Bucharest's candidacy; at last August's nonaligned summit in Colombo, Romania was admitted only as a "guest."

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61-63

## EAST GERMANY

East Germany recently began charging a "street usage fee" for nearly all automobiles that enter East Berlin from West Berlin. The fee nearly doubles the cost of a trip through the wall. Allied vehicles are not affected by the East German measure.

This was the latest in a series of actions by the East Germans since the beginning of the year aimed at eroding the special status of East Berlin, over which they have long claimed full and exclusive sovereignty. East Germany is also seeking to curtail Western contacts with its citizens, and there are reports that the higher fee has cut traffic to East Berlin by a third.

The new fee will give the East Germans additional hard currency, which is always in short supply in their country. The amount of hard currency that they are likely to take in—probably about \$2.5 million—suggests, however, that economic considerations were not a primary factor in the decision.

## YUGOSLAVIA N.S.

Yugoslavia is hardening its previously cautious stance on the human rights issue, probably in response to increased Western publicity and more open dissent at home.

In a speech last week, leading party Secretary Stane Dolanc accused the West of overemphasizing human rights provisions in the Helsinki accords and of launching a campaign in support of the country's dissidents. He said Yugoslav dissidents are trying to exploit Western publicity to attack the Yugoslav system.

The US embassy reports that two signers of a December petition on freedom of travel have lost their jobs, and the author of a magazine article that harshly criticized the Czechoslovak regime's handling of dissidents expects to lose his job. A recent issue of the party's official weekly *Kommunist* attacked the magazine for printing another article that

conflicts with the "basic values and orientations of Yugoslav society."

The Yugoslav regime at first tacitly supported the Czechoslovak dissidents, but Yugoslav media have recently been less sympathetic in discussing dissent elsewhere in Eastern Europe.

The regime has not yet formulated a policy toward its dissidents, and there are reports of disagreements within the leadership group over how to deal with them. This indecision could lead to more challenges to the regime's authority, something Yugoslav leaders almost certainly hope to avoid before the signatories to the Helsinki accords meet in Belgrade in June to prepare a follow-up European security conference scheduled for this fall.

Party secretary for international affairs Aleksandar Grlickov recently told Western newsmen that the regime will grant amnesty to many of its political prisoners within two months. Belgrade hopes that such a move would improve Yugoslavia's image in the West, but the regime probably will not permit any significant internal liberalization.



Stane Dolanc

Western Hemisphere

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*Indira Gandhi's Congress Party may win only a modest victory in the national election next week. If so, the Prime Minister's freedom of action may be reduced, and some of her more controversial policies could be sidelined.*

84-88

## India: Election Campaign

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The electoral contest for control of the lower house of the Indian parliament has developed into a much tougher fight than Prime Minister Indira Gandhi anticipated when she unexpectedly dissolved parliament last January. The election is to be held over a five-day period starting on March 16. Gandhi's Congress Party may win more than half the 542 seats at stake, but it does not appear likely to retain the two-thirds majority it secured in the last national election in 1971.

Assuming that her party wins only a modest victory, Gandhi's freedom of action as prime minister will probably be reduced. Some of the controversial policies she recently adopted—such as the nation's first vigorous birth control program—may be sidetracked.

Predicting the outcome of the election is hazardous because of the size of the electorate—there are 320 million eligible voters—and the absence of any reliable means of measuring public attitudes in the hundreds of thousands of villages where most Indians live. It is clear, nonetheless, that the main opposition groups are cooperating against the ruling party more effectively than ever before and that they have succeeded in putting Gandhi on the defensive.

When she announced two months ago that the election would be held in March, Gandhi bypassed recent legislation that allowed her to wait until 1978. She apparently concluded that she could win

handily now and that postponement would be an unnecessary political risk.

The public seemed relatively satisfied with the economic and social gains attained since Gandhi's government imposed a national emergency in June 1975. Ample rainfall in the past two years had helped produce bumper crops, and the economic situation was better than usual. The opposition appeared to represent little threat, as most parties were crippled by the jailing of their leaders and by regulations that curbed political activity. The formerly free press was muzzled.

### Gandhi's Miscalculation

Gandhi, however, appears to have underestimated the extent of disenchantment with her authoritarian rule; her decision to permit a fair and free election has worked against her. By lifting most restrictions on political activity and on the press, she has encouraged the venting of frustration and discontent that had been contained since imposition of the emergency.

Moreover, the release since January of many opposition party leaders along with tens of thousands of other political prisoners furnished the opposition with experienced spokesmen who, because of Gandhi's repressive policies, had greater reason than in the past to cooperate against the government.

### A Key Defection

The most dramatic setback for Gandhi was Agriculture Minister Jagjivan Ram's unexpected resignation in February from

the Congress Party and from the cabinet, in which he had served almost continuously since independence in 1947. Ram was an associate of the late Jawaharlal Nehru, India's first prime minister and Indira Gandhi's father, and has long been a spokesman for India's 80 million lowly "untouchables." His support is greatest in populous northern India, where the Congress Party has traditionally done well in elections.

Ram's defection was a blow to Gandhi's prestige and raised great concern about the loyalty of other long-time followers. Many of the party's aging "old guard" and some leftists deeply resented the growing influence and the conservatism of the Prime Minister's 30-year-old son Sanjay, who apparently was being groomed for eventual succession. Others were unhappy with Gandhi's moves since June 1975 to change the constitution in order to give herself more power.

Fortunately for Gandhi, Ram's defection occurred before the Congress Party had completed its selection of parliamentary candidates. Through last-minute changes, the party was able to nominate many stalwarts who were originally slated to be replaced by Sanjay Gandhi's young supporters. These reinstatements probably prevented additional important defections to the opposition, although they also forced Gandhi to retain some candidates whose loyalty remains questionable.

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The opposition, meanwhile, was making unexpected headway, forging a strategy that could cost the Congress Party many parliamentary seats. Four major noncommunist parties formed a united front called the Janata or People's Party. The new party contains a mixture of ideologies—socialists, economic conservatives, Hindu nationalists, and long-time Congress Party opponents of the Prime Minister.

The Janata Party, in turn, agreed to cooperate with some regional parties, with Ram's new "Congress for Democracy" and, in certain areas, with the Marxist Communist Party, an indigenous Communist Party without ties to either Moscow or Peking.

#### United Opposition Front

By fielding single opposition candidates in many constituencies, the united front and its allies hope to overturn the old pattern in which Congress Party victories occurred because the opposition was splintered. In each of the five parliamentary elections since independence, the splitting of opposition votes among many small opposition parties ranging from the extreme right to the far left has enabled the Congress Party—the only truly national party—to win a parliamentary majority with less than half the popular vote.

The Congress Party is contesting all but 50 seats that it probably could not expect to win. In those districts Gandhi has agreed to cooperate with the pro-Soviet Communist Party of India, an occasional ally, or with regional parties.

About half the 2,400 candidates for the lower house are serious contenders. The remainder are independents with little chance of winning. Many races appear to be close. Both the Congress Party and the opposition are relying on candidates who are proven vote-getters rather than on youth, women, or other newcomers. Caste and religious considerations are playing their usual important roles.

#### Major Issues

The main issues in the campaign are:

- Imposition and continuation of the state of emergency.

- Sanjay Gandhi's role in the regime.

- The birth control program, which went into high gear last April.

The opposition is demanding that the emergency be lifted; Gandhi claims it must be retained to sustain economic progress and as long as there is any domestic or foreign threat to national security. By domestic "threat," she means any attempt to undermine her authority. In alluding to foreign dangers, she has recently been careful not to name countries, but most Indians probably assume, because of her past accusations, that she is referring to the US.

The relegation of Sanjay Gandhi to the background in the campaign is an acknowledgement that the Prime Minister's ambitious son is now a political liability. The younger Gandhi made many

enemies by disregarding established political traditions, but his strong support for slum clearance and birth control programs probably is the main reason for his eclipse. To save face, he is running for his first parliamentary term from a district in which he is likely to win.

The government's family planning campaign became widely unpopular as fears of compulsory sterilization swept many poor communities. These anxieties were exacerbated by a slum clearance program under which entire communities were sometimes uprooted and relocated.

Actions of overzealous bureaucrats, together with the opposition's probable complicity in spreading rumors about forced sterilization, have apparently helped to make the family planning program an explosive campaign issue. As a result, the government has quietly



Prime Minister Gandhi chats with supporters

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Sanjay Gandhi

UPI

suspended the sterilization drive in most states.

Gandhi has admitted publicly that some "excesses" occurred in achieving a record 7.5 million sterilizations in the past year, and she has promised that greater care will be used. It is unlikely, however, that the millions of Indians at the lowest rung of the social ladder—and the sizable Muslim minority—can be convinced that they are not special targets of the family planning program.

In an effort to offset disaffection among these traditional Congress Party supporters, the government recently offered a number of costly economic concessions to civil servants and other workers. These groups have suffered financially from the ban on strikes during the emergency and from the government's anti-inflationary policies, which blocked wage hikes, bonus payments, and higher cost-of-living allowances.

#### The Campaign Trail

A lack of broadly popular figures in the Congress Party—largely a result of Gandhi's moves over the years to eliminate her competitors—has caused her to assume the major burden of campaigning. She has remarkable stamina at age 59, but her whirlwind tour of the

states has been a grueling experience made only somewhat easier by the advantage that government transportation gives her over her opponents.

Gandhi and the opposition are focusing most of their attention on heavily populated northern India—the "Hindi Belt"—where four states account for about 40 percent of the seats in the lower house. Many Indian observers claim Gandhi is in trouble there but will do better in the southern and western regions.

Gandhi's audiences throughout the campaign have been considerably smaller and less enthusiastic than those of her opponents. While the opposition lacks any single leader of Gandhi's prominence, it has an abundance of good speakers and colorful figures who are able to cover many of the rural areas Gandhi has not had time to visit.

The opposition asserts that it is fighting for democratic principles and portrays the election as the last chance to choose between democracy and dictatorship. Gandhi counters with charges that the opposition front represents an opportunistic alliance of conflicting ideologies and would be unable to provide stable government.

Neither side has made foreign policy a significant issue in the campaign.

It appears increasingly likely that Gandhi will be weakened by the coming vote—assuming she refrains from interfering in the electoral process and keeps her promise to accept the mandate of the voters. So far, there has been no sign of any meddling in what has been a remarkably peaceful campaign. Nor has there been any evidence that Gandhi plans to tamper with the returns.

If Gandhi anticipates a major defeat, however, she might postpone the election at the last minute, citing internal instability, foreign interference, or some other excuse.

If the Congress Party secures only a narrow majority—between 272 and 300 seats—a period of instability and indecisive rule could follow. Efforts might even be made from within the party to oust Gandhi and select a new prime minister.

A wider margin of victory—between 300 and 325 seats—would decrease the possibility of defections from the Congress Party and permit a more stable rule. It would somewhat limit Gandhi's power by giving her less than the two-thirds majority needed to amend the constitution. Such a victory thus could re-establish a more meaningful and traditional parliamentary system and halt the authoritarian trend that has marked much of Gandhi's 11-year tenure as prime minister.

Such an outcome, however, would probably hurt chances for continued momentum in certain domestic programs—such as the birth control drive and the shift during the past two years toward more pragmatic economic policies—that are opposed by powerful pressure groups. It could also make it harder for the government to make decisions on emotional issues such as those affecting India's relations with Pakistan.

A victory for the opposition would signal a major political upheaval and usher in a highly uncertain era in Indian politics.

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*The talks that Jordan and the Palestine Liberation Organization began recently under pressure from Egypt and Syria are unlikely to resolve quickly the problems between King Husayn's regime and the Palestinians but could lead to closer coordination of strategy for Middle East peace negotiations.*

N.S.

## Jordan-PLO: Beginning a Dialogue

A first round of talks between the Palestine Liberation Organization and Jordan in late February in Amman ended on an inconclusive note. The two parties—archenemies for years—touched only tentatively on the problems of coordinating their peace negotiating strategies and forging a link between Jordan and any future West Bank state.

The dialogue opens a useful channel for exchanging views and lays the groundwork for possible closer cooperation later on. Given their history of bitter relations, however, neither the PLO nor Jordan is likely to adopt a more flexible position on a coordinated approach to a renewed Geneva conference on the Middle East without continuing strong pressure from Egypt and Syria—the two states that promoted the dialogue.

The dialogue moved ahead, at least symbolically, this week when Jordan's King Husayn and PLO chief Yasir Arafat reconciled publicly in Cairo where they were attending the Afro-Arab summit conference. They apparently held a number of individual meetings with Egyptian President Sadat and Syrian President Asad at which the subject of an early formal tie between the PLO and Jordan was surely discussed.

Press reports state that Husayn and Arafat decided to forge a link prior to the resumption of Geneva peace talks, but it is unclear how much real agreement was

reached. Any arrangement between the two probably is general in nature, leaving the difficult details of closer cooperation still to be worked out. They apparently did at least agree to meet again with the Egyptian and Syrian presidents within the next month or so, this time in Damascus.

Meanwhile, the next step in the dialogue process is likely to take place at a meeting in Cairo next week of the Palestine National Council, the Palestinians' policy-setting parliamentary body. The Egyptians and Syrians, working with moderate Palestinians, have been busy for months preparing the way for a council session, and they presumably expect it to endorse in some form the Jordan-PLO tie they seek.

### Jordan's Position

For the Jordanians, who drove the Palestinians from Jordan in 1970 and 1971, the talks with the PLO are a painful and potentially hazardous exercise. Before the talks began two weeks ago, King Husayn privately said that he did not know what to say to the PLO delegation and that the Jordanians would begin by simply listening to what the PLO had to say. While seeing few possible benefits for them from a relationship with the PLO, the Jordanians have definite ideas on what they are determined to avoid:

- They will not allow the PLO a free hand politically in Jordan.
- They will not permit the PLO to use Jordan as a base for political or military activities on the West Bank.

• They will avoid being drawn into negotiating with Israel over the future of the West Bank and Gaza without a clear public mandate from the PLO and the other Arabs that would protect Jordan in the event these territories were only partially returned.

Jordan does want to develop and maintain a strong voice on the West Bank whatever the ultimate disposition of the territory, and this will color Jordan's dealings with the PLO on this subject.

Jordan's determination in this regard was reflected during the talks in Amman when Jordanian officials resurrected the plan King Husayn unveiled in 1972 for a United Arab Kingdom. Under the plan, the East and the West Bank areas would each be ruled by a native-born governor and a provincial cabinet responsible for internal affairs. The national government, led by Husayn, would be responsible primarily for foreign and military affairs.

The Jordanians asked the PLO to review the proposal and respond at some future date, presumably during the next round of talks. When it was initially aired, the Jordanian plan was roundly denounced by virtually all other Arabs. It is unlikely that the PLO will now find the idea any more palatable unless the plan is considerably modified. But the PLO response will provide some clues on where the dialogue might lead.

### The PLO

There is some division of opinion within the Palestinian movement over the

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wisdom of improving relations with Jordan, but most Palestinian leaders appear to favor the idea. Because both Egypt and Syria are promoting the dialogue, the PLO is unable to play one off against the other as it has in the past on other issues.

Although uncertain about where the dialogue will lead, the PLO probably does have some general objectives in mind. Palestinian leaders realize there is a strong possibility that Jordan will be involved in negotiations over the future

status of the West Bank and Gaza. They are further aware of the likelihood that any Palestinian state formed from those areas will be required to have ties to Jordan.

The PLO wants to ensure its participation in the creation of such a Palestinian entity. Should Jordan assume the Palestinian proxy in the negotiating process, or if a joint Jordanian-PLO delegation for Geneva is formed, the PLO wants to be sure it has the controlling voice in

negotiations over Palestinian issues.

PLO leaders have viewed with some anxiety Jordan's recent efforts to increase its influence among Palestinians on the West Bank at their expense. The PLO may hope that improved relations with Jordan will undercut Jordanian activities on the West Bank, although such a step could have the opposite effect of legitimizing the Hashemite regime in the eyes of West Bank Palestinians. Through Jordan, the PLO also is looking for some direct contacts on the West Bank and more direct access to the approximately 900,000 Palestinians living in Jordan proper.

Beyond these goals, Arafat and other PLO leaders may hope that establishment of the dialogue with Jordan will buttress recent efforts to demonstrate to Israel and the US the PLO's new "moderation." The PLO will try to avoid giving the Jordanians its full proxy in any future dealings with Israel.

Both Egypt and Syria are clearly nudging Jordan and the PLO in the direction of some kind of formal association as a device for overcoming Israel's objections to dealing directly with the PLO. President Sadat has urged the two parties to form a confederation prior to a reconvened Geneva conference. President Asad has given his guarded endorsement to this idea, provided the PLO and Jordan agree.

The willingness of Egypt and Syria to force the pace of the dialogue, however, is likely to depend on the steps they believe the US intends to take next to break the current negotiating impasse.

The Egyptians seem anxious to see the matter resolved and the Geneva talks launched; the Syrians, however, appear to be hanging back, waiting for some sign that they will get back all or at least a major part of the Golan Heights in the next round of negotiations. Without some credible assurances that the US is ready to press Israel for substantial concessions, neither Egypt nor Syria may be prepared to push the PLO to compromise its position and strike a hard and fast deal with Jordan over the future of the West Bank.

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*Libyan leader Qadhafi has reshaped his country's governmental structure in order to reduce the influence of his military colleagues, who have been critical of his style of governing.*

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## Libya: Qadhafi's Reorganization

Libya announced a major governmental reorganization on March 2. The main purpose of the move is to limit further the ability of Libyan leader Muammar Qadhafi's military colleagues to challenge his control. They have been increasingly critical of Qadhafi's arbitrary and often eccentric style of governing.

As Secretary General of a new General People's Congress, Qadhafi holds the most important position in the revamped government. The old Revolutionary Command Council has been abolished; its members have been appointed to a five-member Secretariat of the General People's Congress.

The two members of the council who held cabinet posts, former prime minister Jallud and ex-interior minister Humaydi, have been removed from direct governmental responsibility. All four of the former council members have retained their military ranks; they may continue to serve as personal advisers to Qadhafi.

The new General People's Committee, which replaces the Council of Ministers, is headed by Abd al-Ati al-Ubaydi, a former minister of labor and civil service. He is, in effect, the prime minister and is the first civilian to head a Libyan government since 1970 when Qadhafi dismissed former prime minister Maghribi. Qadhafi personally nominated al-Ubaydi to replace Jallud and then rammed through a "unanimous" vote in favor of his selection.

### Qadhafi's Distrust of Military

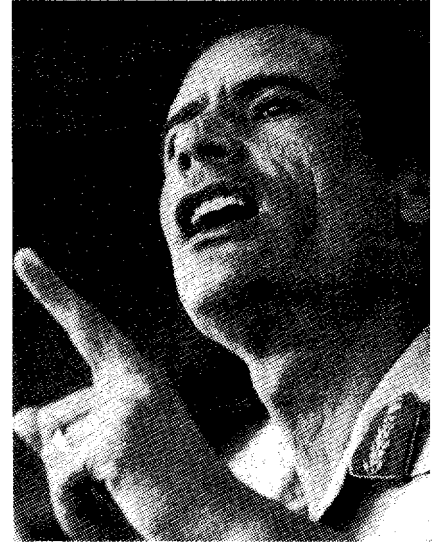
Libyan military officers generally view the reorientation as new evidence of Qadhafi's distrustful attitude toward them. Qadhafi, in fact, is hoping that the

reorganization will enable him to transform his popularity among Libya's largely rural, tribal population into a more effective political instrument and thus reduce his reliance on the armed forces. Over the short term, however, he is running a high risk of further demoralizing the officers who have been the primary prop of his regime.

Qadhafi has been on the defensive since 1975, when a coup attempt engineered by Revolutionary Command Council member Umar Muhayshi and a small clique of army officers brought wide-ranging dissatisfaction with Qadhafi's one-man rule to the surface. The defection of other council members following Muhayshi's betrayal, and the resentment stirred up by an investigation of the conspiracy, compounded tensions between Qadhafi and the military and ended all pretense of collegiality within the council.

Since 1975, insubordination and violence within the armed forces—including several reported attempts on Qadhafi's life—have increased. Qadhafi has responded by repositioning key units and major ammunition stores, upgrading police and paramilitary forces at the expense of the army, and systematically replacing those suspected of disloyalty with his kinsmen and members of tribes from his home region.

He was hesitant, however, to reduce the power of his colleagues on the council without first regaining control of the military. He apparently came to feel confident that he could remove the glaring evidence of divided leadership that the council had come to represent. None of its



Muammar Qadhafi CR 5

four active members at the time of its abolition, including Jallud, has a power base sufficiently strong to challenge Qadhafi, and dissension among them probably precludes their acting in concert.

In his campaign to promote the new government structure, Qadhafi has remained vague about what is to become of his colleagues. He has said that their protective role is over and that the people can seek their help as they see fit.

### The New Government

Qadhafi's plan for the new government is designed to maximize and exploit his support among tribal and rural communities. Over the past year, he has spent much time in the countryside explaining his ideas, cultivating supporters, and encouraging them to greater political activism. His orchestration of numerous popular demonstrations has served both

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to generate enthusiasm for the new order and to warn his detractors that he has the support necessary to carry off the change.

Under Qadhafi's blueprint, the electorate is to be organized into small neighborhood "congresses," trade unions, and "people's committees" to give Qadhafi's tribal supporters maximum representation. The General People's Congress will serve as a national parliament and is also supposed to elect a president—presumably Qadhafi—who is to have vaguely defined but no doubt sweeping powers.

Much of what Qadhafi has said about the new government and the way he has orchestrated its promotion are reminiscent of old-fashioned tribal politics. Meetings over the past several months to discuss the plan have consisted of debates over local interests, with Qadhafi receiving as well as issuing criticism and advice

but always acting as final arbiter. Most of the people in his audiences seemed to enjoy the exchange and appeared ready to do his bidding.

#### Reaction

Much of the military, especially the officer corps, probably regards Qadhafi's move as a simple power play that will lead to further changes in the officer corps and a general diminution of the importance of the armed forces.

It is not clear that this cynicism extends to the ranks. Most enlisted men come from Bedouin families whose lot has improved markedly under Qadhafi's rule. While moving against many officers, moreover, Qadhafi has been careful to cultivate their subordinates. In addition to keeping salaries of the enlisted men relatively high, he has repeatedly admonished officers to follow the example of the "loyal" rank and file.

Libya's small educated middle class probably views the government restructuring with alarm. The traditional commercial establishment and the new class of professionals and businessmen have never been sympathetic to Qadhafi's military dictatorship. Now they are even more fearful of his turn toward tribal politics.

Qadhafi has coupled his elevation of tribal groups with repeated verbal attacks on the urban "bourgeoisie" and a number of policy moves against the private sector of the economy. In the past, the business community has been able to fight a successful rear-guard action by simply delaying, ignoring, or evading his decrees. This may become increasingly difficult as tribal and rural leaders—who have a strong bias against the urban establishment—become more politicized.

*Economic growth in the 24 industrialized countries linked in the OECD probably will be somewhat less this year than in 1976. Unemployment in these countries as a whole is not likely to be significantly reduced.*

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## OECD Countries: Outlook for 1977

As a group, the 24 industrialized countries that are members of the Organization for Economic Cooperation and Development seem on the way to moderate economic growth—an increase of about 4 percent in real Gross National Product—in 1977. This increase would be somewhat less than last year's and less than the increases achieved in past recovery periods. Consumer prices seem likely to rise at an average of about 8 percent, which is near last year's pace.

Investment in plant and equipment probably will remain a weak element in the recovery. Potential investors in virtually all the OECD countries are dis-

couraged by slow expansion of real consumer demand, the presence of considerable excess capacity, and rising costs. In several countries—notably France, Italy, Canada, Spain and Portugal—political uncertainty is another serious depressant.

The expected increase in production would not reduce unemployment perceptibly in the OECD countries as a whole; growing labor forces and rising productivity will offset the increase in real demand. In fact, joblessness will increase from present high levels in a number of countries.

#### Varied Growth Rates

The pace of economic activity will continue to vary considerably within the

OECD group. Japan and West Germany, the members with the biggest economies after the US, will do comparatively well.

In Japan, stimulative measures now contemplated should yield a real GNP increase of 6 percent despite a general slackening in foreign demand for Japanese exports. In West Germany, the government seems committed to introducing mild expansionary measures this summer that should enable production to grow at 4.5 percent. The forecast of faster growth in the Big Three than in the remainder of the OECD implies that Big Three current balances will deteriorate from the relatively strong positions of last year.

The UK, France, Italy, and Canada all

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are pursuing policies that can be characterized as cautious to restrictive. Slow real growth will be an inevitable side effect of policies aimed at slowing inflation and reducing current-account deficits. Of the four countries in this subgroup, only Canada is likely to achieve 4 percent real growth this year; at the other extreme, Italy's production will stagnate.

The smaller OECD countries will remain pretty much on their present courses in terms of economic policy and performance. For the majority this means cautious policies, continued slow growth, and further increases in unemployment. Only Greece, Turkey, and oil-rich Norway are likely to increase production 5 percent or more.

The governments of Japan and West Germany, the major foreign candidates for the faster growth that would attract imports and further the international recovery, are reluctant to undertake greater stimulation. Both fear the effect of domestic inflation, and the West Germans cite technical problems that would impede the implementation of tax cuts or spending increases. Japan's current-account surplus already seems likely to decline by \$3 billion this year, and West Germany's

probably will slip too.

The smaller OECD countries having relatively strong current-account positions—Belgium, the Netherlands, Norway, and Switzerland—are unlikely sources of greater stimulation at this time. The first three have serious inflation problems, and the conservative Swiss are determined to avoid that difficulty. The Swiss political system, moreover, does not lend itself to bold action, and unemployment is not high enough to generate much pressure for stimulation.

#### Impact of Stimulation

In any case, the international linkages are such that very large increments in GNP would be required in any one of the Big Three to produce substantial effects on other countries' real growth and current-account balances.

The impact within the Big Three and the induced effects elsewhere would be considerably greater if stimulation were applied simultaneously throughout the Big Three—and the results would be still greater if the strongly positioned smaller OECD countries also stimulated their economies. Even in this case, however, the effect on the rest of the world's problems would be limited. Stimulative policies

might yield a psychological boost that could bring a widespread increase in private investment, but it is very difficult to quantify the likely extent of such an effect.

Stimulation by the better-positioned OECD countries would benefit the current accounts of other OECD countries more than the accounts of those developing countries that are not members of the Organization of Petroleum Exporting Countries. This is because most OECD trade takes place within the group. If the seven stronger OECD countries all undertook stimulation, probably over half the current-account gain would accrue to non-stimulating OECD countries and about 20 percent each to the OPEC and non-OPEC developing countries.

The source of improvement in the current-account balances of the nonstimulating countries would, of course, be deterioration in the balances of the stimulating countries. The stimulating countries, moreover, would have to accept bigger governmental budget deficits and some increase in inflation above rates that otherwise could be achieved.

*Japan is moving cautiously toward a more active role in Southeast Asia. The countries of that region are wary of the Japanese and will ask a high price for any new relationships and seek guarantees against political interference.*

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## 94-96 Japan: More Interest in Southeast Asia

The Japanese are moving toward a more active role in Southeast Asia. The trend is certain to unfold slowly because the Southeast Asians are wary and the Japanese are proceeding cautiously. Still, the potential impact of heightened Japanese attention on the region's economic development—and at least in-

directly on Asian security relationships—is great.

Japan took cautious initiatives in Southeast Asia last year, offering to act as a bridge between Hanoi and the Association of Southeast Asian Nations. Neither party responded positively—the Vietnamese and ASEAN states continued to clash verbally—apparently leading Tokyo

to conclude that such an even-handed approach was unworkable.

In November, Tokyo clearly decided to give priority to its ties with ASEAN, proposing regular consultations with the organization. ASEAN accepted the offer, and it recently proposed that the first talks be held in Jakarta this month.

The Japanese Foreign Ministry also un-

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Japanese-sponsored electronics plant in Malaysia

*Indonesia may also*

dertook detailed planning late last year, and the Tokyo press—evidently using government backgrounders—has echoed the line that Japan should attempt to “perfect” relations with the ASEAN states, while “maintaining a dialogue” with the Indochinese countries.

This year, the Fukuda government is continuing the same policy line. Japan has announced that a larger share of economic assistance will go to ASEAN states than in previous years; visits by Foreign Minister Hatoyama are set for this spring, and there is talk of visits by Prime Minister Fukuda in the summer.

A major factor motivating Tokyo is its long-standing desire to ensure Japanese access to Southeast Asian resources and markets. Increasingly, however, Japanese thinking about the region appears to be taking a broader perspective.

The US embassy in Tokyo reports a slowly building consensus among Japanese leaders that Japan ought to have a “special relationship” with Southeast Asia similar to West European - African and US - Latin American ties. Some Japanese leaders, such as former prime minister Miki, like to think of their country as Asia’s spokesman in the West.

The obstacles to such a relationship, both in Japan and Southeast Asia, are substantial. The Japanese are wary of becoming involved in big-power or local rivalries in what they see as a volatile region. The resentment against Japan that

welled up during former prime minister Tanaka’s Southeast Asian trip in 1974 made a lasting impression on Tokyo.

A Japanese military role in the region is still unthinkable, and the Japanese Finance Ministry remains generally opposed to providing any large-scale aid. At the same time, there appears to be an underlying assumption in Tokyo that a more active Japanese role would not only help

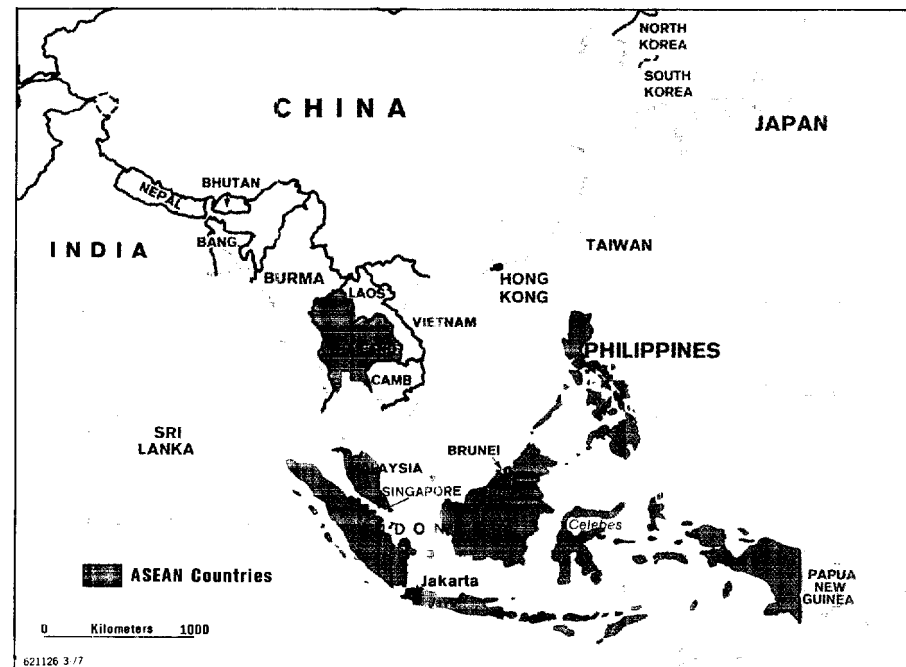
focus Southeast Asia economically on Japan and the West, but also contribute eventually to regional stability and security.

The Southeast Asians, fearing new forms of Japanese imperialism and exploitation, will ask a high price from Tokyo. They want not only aid but also stable and preferential markets for semiprocessed as well as raw materials; they also want more control over Japanese investment and technology.

The ASEAN states certainly want no political interference from Tokyo, but they apparently believe the Japanese can carry out some limited political tasks useful to the region.

The US military withdrawal from mainland Southeast Asia apparently helped stimulate Tokyo’s heightened interest in the region. Japan’s role is still significantly affected by US policy, and Tokyo will be looking for assurances that the US intends to remain active in the region and that Japan will not be moving into an exposed position.

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